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2618548

17 APR 1959

MEMORANDUM FOR THE RECORD

SUBJECT: Establishment of Job Order Cost Accounting  
System - Printing Services Division -  25X1A6a  
 "K" and "Q" Building Printing Plants.

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1. The following individuals met in the Office of the Deputy Comptroller on 13 April 1959:

Messrs:



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2. The purposes of this meeting were (1) to discuss the job order cost accounting system which the Chief, Printing Services Division planned to install in the subject plants and (2) to determine what effect this proposed change in collecting costs would have on the projected budget analysis of consumer's billings for the Fiscal Year 1960.

3.  briefed the participants on the proposed system and stated that the changes contemplated in the subject plants also will be implemented at the Administrative Building Printing Plant so that on 1 July 1959, all printing plants will be using a uniform job order cost accounting system with the exception of the photocopying, graphic photography, and photostating operations which activities will be continued on a fixed price basis.

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4. During the discussion which ensued, a question was raised as to whether it was proper to convert to an actual job costing basis rather than to proceed with a predetermined price basis for costing jobs so that the actual costs shown to components in Fiscal Year 1960 will be on the same basis as the Agency components budgets for indirect obligations.  acknowledged that

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there might be some inequities; however, he emphasized that a uniform system throughout the entire printing activities would produce more realistic cost data for billings to consumers and it would assure to a greater degree the recovery of all costs incurred by the Printing Services Division. He also stated that the more consideration that he has given to this entire problem of charging the consumer for printing services, the more convinced he has been that such costs must be collected on a job order basis rather than on a predetermined price basis.

5. [ ] inquired just what information was going to be given to the Budget Division for recommended indirect obligations in the Agency component's cost budget. [ ] replied that the information for Fiscal Year 1959 would be based on billings to consumers using the current price list adjusted so as to reflect increases or decreases shown in the recent cost analysis prepared by the Technical Accounting Staff for the period 1 October 1958 to 28 February 1959. [ ] asked if this analysis could be broken down into categories of printing and the type of services rendered within the category together with the quantity received. [ ] felt that this type of information would be too time-consuming and if it were undertaken, such information would not be available within the time requirement for use by the Budget Division.

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6. [ ] then, inquired if some guide lines could be developed prior to 1 July 1959 which would enable the consumer to control the printing services allocation. [ ] stated that a revised up-to-date price list for approximately twenty-five items of printing could be prepared which would enable the consumer to estimate costs of printing services; however, he pointed out that the price lists should only be used for estimating since the final billing to the consumer would be based on the costs collected on the consumer's particular job order.

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7. [ ] indicated that the proposed job order cost accounting system had been developed to a point where some assistance would be required to develop an overhead rate. He further stated that he felt that a new overhead rate should be developed which rate could be applied to the entire printing activities. [ ] said that a representative of the Technical Accounting Staff would assist the Printing Services Division in establishing this overhead rate.

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8. [ ] called attention to the fact that the proposed job order cost accounting system as well as the present system in effect at the Administrative Building Printing Plant were not integrated systems within the framework of Agency's system of accounts and, therefore, the procedures governing these systems necessarily will have to provide for certain financial data to be furnished to the Office of the Comptroller in addition to the cost data which will be required to establish and maintain the job order accounting system for the Printing Services Division.

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9. The conclusions reached at the meeting are summarized as follows:

- a. The Comptroller would interpose no objections to expanding the job order concept to the subject plants with the understanding that the establishment of this proposed system would be reviewed by a Comptroller's representative to insure that these systems generally follow accepted accounting principles.
- b. The Chief, Printing Services Division would cost consumer's billings for the first eight month period of Fiscal Year 1959 and provide to the Budget Division totals only for each consumer.
- c. The Chief, Printing Services Division would develop price guide lines for estimating purposes for approximately twenty-five items of printing for use by consumers in Fiscal Year 1960 in estimating the value of requisitions placed and maintaining a printing services cost liquidation control record.
- d. The Chief, Technical Accounting Staff would furnish a staff member to assist in the development of a Printing Services Division overhead rate.
- e. The Chief, Printing Services Division would agree to furnish (1) monthly summaries of indirect materials issued and (2) monthly cost summaries of jobs completed for each cost center to the Office of the Comptroller to be recorded in the Agency books of account.

[ ]

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